

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

W= Name

X = Name

Y = Place

b = Quantity

c dollars = Amount

d= Amount

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This approval is required because you are a private operating foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures will not be taxable.

Description of your request

Your letter indicates that you will operate W. The purpose of W is to improve the skills and talents of certain performance artists. In particular, grant recipients will receive funds to defray the cost of attending a skills-enhancing dance program such as a summer dance training course at a ballet or dance school or company.

Each year the number of grants will depend on your financial resources and you anticipate awarding roughly b grants annually totaling c dollars. The amount of each grant will be based upon the cost of the particular skills-enhancing dance program the recipient

wishes to attend, as well as the recipient's overall talent, skill, work ethic, potential, and financial need. Your board of trustees shall determine the number of fellowships to be provided each year. You estimate the number of those eligible to apply for a grant is in the range of d.

Eligible grant recipients primarily include individuals who, at the time of the grant, are dancers for X which you operate located in Y. Applicants who are disqualified persons within the meaning of Internal Revenue Code section 4946 or who are related to a selection committee member are not eligible to receive grants.

Applicants must complete a detailed application; applicants are required to provide biographical data including details of their education, dance history, and financial need or hardship as it relates to the grant as well as reasons why they are applying for the grant and qualifications as well as a description of any special talents, skills, interests, and work ethic as they apply to the grant.

Your board of directors appoints the selection committee and will consist of individuals with an interest in dance or your operations. Your board of directors also has the right to remove and replace any member of the selection committee. Currently your selection committee consists of your directors.

Your selection committee will publicize the grant program to potential applicants at X and receive, acknowledge, and process all grant applications. The selection committee will review the applicant's certification that he or she is not related to any director, officer, employee, or selection committee member and evaluates each applicant based on the information supplied on the application. If an application is substantially incomplete, your selection committee may choose, in its discretion, not to consider the application or request the missing information from the applicant.

Recipients are selected on the basis of skill, work ethic, motivation, potential, talent, ability, character, aptitude and, in appropriate cases financial need or hardship. The committee does not apply any point system and does not weigh any particular factor more heavily than others but considers each application as whole and ranks the applicants in accordance with your committee's evaluations. The committee awards the grants to the applicants based on the ranking and if a selected applicant does not accept the grant for any reason, the committee awards the grant to the next ranked applicant. The selection committee will take into consideration the amount of funds available for distribution as determined by your board and, will make the final determination of the number of grant recipients and the amount of each grant. Applicants will be considered without regard to age, race, color, religion, gender, national origin, sexual orientation, or physical disability and all grants will be awarded on an objective and nondiscriminatory basis. All grants are in the form of absolute grants payable directly to the recipient. Furthermore, your grants will not be renewable, but recipients may reapply to your grant program each year that they meet the eligibility requirements. Upon completion of W, grant recipients are required to provide you a report describing the progress of their development and an accounting for the use of the grant funds.

Your selection committee shall have the responsibility to notify recipients for awards and non-recipients, confirm enrollment of recipients at an approved program, (1) keep permanent records of the meetings and actions of their meetings, (2) account for all funds, (3) disburse the funds on behalf of you, (4) receive and review progress and final reports received from recipients on their progress and use of grant funds, (5) investigate any diversions of funds from their intended purpose, and (6) take all reasonable and appropriate steps to recover diverted funds, if any.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c) (1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.

- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You may report any significant changes to your program by completing Form 8940 and sending it to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representative as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations